

**CITY OF HUNTINGTON BEACH
INVESTMENT ADVISORY BOARD (IAB)
ANNUAL REPORT TO THE CITY COUNCIL
FOR THE PERIOD OCTOBER 1, 2010 TO SEPTEMBER 30, 2011**

October 1, 2011

Establishment of Board

The IAB was created to act in an advisory capacity to the City Council and City Treasurer in matters pertaining to all of the City's investments by the City Council in May, 1995 by Resolution #3284. The Board members are appointed by a member of the City Council and are currently as follows:

| <u>Name</u> | <u>Council Member</u> |
|------------------------|-----------------------|
| Jerrold Clarke (chair) | Devin Dwyer |
| Joe Foye | Keith Bohr |
| Bob Glass | Don Hansen |
| David Hatch | Joe Carchio |
| Valerie Dickerson | Matthew Harper |
| Angela Rainsberger | Joe Shaw |

Board Activities

The meetings of the Board for the fiscal year ended September 30, 2011 were open to the public as required by Government Code 54950 and held on the following dates in City Hall:

October 27, 2010 (Investment Advisory Board)
January 26, 2011 (Investment Advisory Board)
April 27, 2011 (Finance and Investment Advisory Board)
May 25, 2011 (Finance and Investment Advisory Board)
June 29, 2011 (Finance and Investment Advisory Board)
July 27, 2011 (Finance and Investment Advisory Board)
August 31, 2011 meeting was cancelled (Finance and Investment Advisory Board)
September 28, 2011 meeting was cancelled due to lack of quorum (Finance and Investment Advisory Board)
December 14, 2011 (Investment Advisory Board)

In addition, a joint study session with the City Council is scheduled to be held on February 21, 2012.

The two major activities of the Board consisted of reviewing each monthly investment report and reviewing the City of Huntington Beach Investment Policy annually, prior to their presentation at a City Council meeting.

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As required under HB Municipal Code 2.110.040(b), the Board has reviewed matters pertaining to the City's investments in the following areas:

- Reviewed the annual Investment Policy Statement.
- Discussed Cash Management and ensured that there was sufficient liquidity to meet the next six month's estimated expenditures for all funds including the General Fund.
- Reviewed Risk-Return Analysis as it relates to Safety, Liquidity, and Yield.
- Reviewed Long-Term Investments and how cash flow forecasting enables the City to match investments to budgeted expenditures.
- Reviewed New Investment Opportunities, as appropriate.
- Reviewed Proposed State or Federal Legislation impacting the City's Investments.
- Reviewed any Anticipated Exposure to Loss by looking at liquidity, credit & market value of investments.
- Reviewed Quarterly Reports prior to them being presented to the City Council.
- Reviewed Quarterly Compliance with Investment Policy and no exceptions were identified.

Based on the information reviewed by the Board for the period October 1, 2010 to September 30, 2011, it appears that the City Treasurer has maintained compliance with all requirements in the City's Investment Policy.

Respectfully submitted,

Jerrold Clarke
Chair – Investment Advisory Board

cc: Alisa Cutchen, City Treasurer